



# CASH FUNDS

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## **I. POLICY**

This directive governs the maintenance of all cash funds or accounts where agency personnel are permitted to receive, maintain, or disburse cash. It applies to petty cash funds, investigative funds, and all other instances where Division cash funds are maintained or Division cash is received or disbursed.

For the purposes of this policy, each Division cash fund is classified as one of the following types:

- 1. Investigative Funds – \$100 issued to each Field Enforcement Agent and \$50 issued to each Motor Fuel Inspector and Agent Inspectors in cash.
- 2. Cigarette Interdiction Fund – controlled and maintained by the Division Administrator (\$500.00).

## **II. AUTHORIZED EXPENDITURES**

- 1. Investigative Funds - The Division Director, Deputy Director, or Assistant Director may authorize cash payments from investigative funds for the following purposes:
  - a. Payments to confidential informants.
  - b. Payments to individuals, who are not confidential informants, but provide information that is expected to lead to the seizure of contraband, evidence, or the successful prosecution of a criminal case.
  - c. Purchases of contraband, in conjunction with an official criminal investigation.
  - d. Acquisition of equipment necessary to conduct a covert operation or surveillance which is directly related to a criminal investigation.
  - e. Motor fuel samples.
  - f. Food, drink, meals, and other expenses directly related to, or necessary to maintain the clandestine nature of, a covert or extended criminal investigation as per existing Maryland State guidelines.
  - g. Travel for the purpose of investigating an existing case, or attending out-of-state pre-approved training, conferences or conventions when travel funds are not issued in advance. Travel expenses will be reimbursed.

- h. Other expenses as may be approved by the Division Director, Deputy Director, or Assistant Director.
2. The Cigarette Interdiction Fund is available for those tobacco investigations requiring covert purchases in excess of the investigative funds held by an agent or for the display of “flash” money in support of a tobacco investigation.
3. Periodically, FED may create or receive special funds dedicated specifically to the investigation and enforcement of certain criminal activity. These funds are usually of a temporary nature and are often provided by other agencies such as the Attorney General's Office. All such funds are subject to the administration and procedural controls as set forth in this section and any oversight deemed necessary by the Division Director or a designee.

### **III. UNAUTHORIZED EXPENDITURES**

1. Neither investigative funds nor the Cigarette Interdiction fund may be used for purchase of:
  - a. Official State travel which is preplanned and pre-funded under existing State or Division directives.
  - b. Personal items, alcoholic beverages, tobacco products, motor fuel, entertainment, and other expenditures which are not directly related to covert operations or which are not allowable under State or Division directives.
  - c. Goods or services that should be procured under the existing purchasing procedures (e.g., office supplies) without endangering a covert operation or an individual's life.
  - d. Expenses that require budgetary approval.

### **IV. PROHIBITED PRACTICES**

1. State funds may not be disbursed for personal loans or for items of personal use or benefit and may not be used for the cashing of personal checks.
2. State funds may not be used to circumvent State budget and procurement regulations.

### **V. ESTABLISHMENT OF CASH FUNDS** Authorization for Disbursement

Cash funds are established by the Office of Administration and Finance. Requests for establishment or alteration of a cash fund should be directed to the Director of the Office of Administration and Finance.

1. Each agent is the custodian of his or her Investigative Fund. As such, and subject to the approval of the Director, Deputy Director, or Assistant Director of the FED, each agent is authorized to receive and disburse cash.
2. The Division Administrator is the custodian of the Cigarette Interdiction Fund. As such, the Administrator is authorized to receive cash and disburse cash with the approval of the Director or Deputy Director of the FED.
3. Agent's and Inspector's cash advance and relative supporting documentation such as receipts for expenses are subject to unannounced inspection by supervisors or the Division Administrator.

### **VI. RECORDS & DOCUMENTATION**

1. Records Required - All Funds - each fund custodian is responsible for maintaining the following records for their fund:
  - a. A balance sheet, ledger, or other system that identifies initial balance, cash income received, cash disbursed, and the balance on hand;
  - b. Records or documentation for cash received;
  - c. Receipts or documentation for cash expenditures.
2. Documentation – Investigative Funds Expenses - Claims for reimbursement from the investigative funds must be requested on Expense Claim Form (COTGAD – X-5), and be supported by documentation. In all cases the use of funds must be identified by item or service purchased, except for undercover purchases where, to protect the integrity of an investigation, a receipt cannot be obtained. Documentation is defined as sales slip, paid memo bill, receipt, or reference to an Incident Report Number (expense to be included in report) with identification of item or service purchased. This definition is not all-inclusive.
3. Documentation – Cigarette Interdiction Fund Expenses – Requests for use of the Cigarette Interdiction Fund must be made to the Director or Deputy Director of the FED on an Inter-Office Correspondence citing the amount of funds needed, the Incident Number, and how the funds are expected to be replenished. Upon approval, the request will be forwarded to the fund custodian who will release the funds to the investigator.

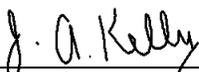
#### **VII. FUND REPLENISHMENT**

1. Investigative Fund custodians are responsible for replenishing their respective funds as needed by submitting an Expense Claim Form (COTGAD – X-5), with an itemization of cash payments or expenses and supporting documentation, to the Director or Deputy Director of the FED by way of their immediate supervisor. The accounting period for reimbursements begins on Sunday of each week and ends on Saturday of each week.

#### **VIII. FUND AUDITS**

1. As a basis for determining the financial integrity of the Division’s fiscal control procedures, the Division Administrator will conduct an independent audit at least annually of all agency cash funds. Audits of cash accounts will be unannounced. This audit provision is in addition to any financial audits stipulated by applicable State statutes or regulations.
2. Supervisors are required to perform a monthly, documented inspection of their employee’s investigative fund.

#### **IX. CANCELLATION: None.**

  
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Jeffrey A. Kelly, Director